

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

Annual Financial Report
As of and for the Year Ended June 30, 2011
With Supplemental Information Schedules
(With Comparative Totals, June 30, 2010)

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REQUIRED SUPPLEMENTAL INFORMATION (PART I)

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
MANAGEMENTS' DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011
(With Comparative Totals For the Year Ended June 30, 2010)

The discussion and analysis of the Vernon Parish Clerk of Court's financial performance provides an overview of the financial activities as of and for the year ended June 30, 2011, with comparative totals as of and for the year ended June 30, 2010. It should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

The basic financial statements of the Vernon Parish Clerk of Court, as of and for the year ended June 30, 2011, provides the following insights into the financial position and the results of operations. Governmental Fund-General Fund reported a surplus of \$508,022, an increase of \$35,026, from the prior year. Total spending for all programs was \$1,265,985, for the year. The increase, in revenues and expenditures, is due to a general fluctuation in annual operations.

USING THIS ANNUAL REPORT

The clerk's basic financial statements consists of a series of financial statements that show information for the clerk as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities provide information about the activities of the clerk as a whole and present a longer-term view of the clerk's finances. For the clerk's governmental activities, these statements report how the clerk finances its services in the short-term as well as what remains for future spending. Fund statements may also provide insights into the clerk's overall financial position. Fund financial statements also report the clerk's operations in more detail than the government-wide financial statements by providing information about the clerk's general fund. The remaining statement, the Statement of Fiduciary Net Assets, presents financial information about activities for which the clerk acts solely as an agent for the benefit of others.

The Statement of Net Assets and the Statement of Activities are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are reported regardless of when cash is received and/or paid. These statements present the governmental activities of the clerk which comprises all of the clerk's services.

These statements report the clerk's net assets - the difference between assets and liabilities, as reported in the Statement of Net Assets - as a way to measure the clerk's financial position. Increases or decreases in the clerk's net assets, as reported in the Statement of Activities, are an indicator of whether the clerk's financial position is improving or deteriorating. The difference between revenues and expenses presents the clerk's operating results; however, the clerk's objective is to provide services to the residents of the parish and the public in general, and not to generate profits as a commercial enterprise.

The fund financial statements provide detail information about the general fund of the clerk, but not the clerk as a whole. The general fund is required to be established by State law to enable the clerk to control and manage financial resources for particular purposes or to demonstrate that the clerk is meeting legal requirements for the expenditure of revenues.

See Independent Auditor's Report.

Vernon Parish Clerk of Court
Leesville, Louisiana
Management's Discussion and Analysis (Continued)

The clerk's services are reported in governmental funds which focus on showing how financial resources flow into and out of funds and the balances remaining at year-end that may be available for future spending, using the modified accrual basis of accounting, which measures cash and other financial assets that may be readily converted to cash. This basis of accounting provides a detailed short-term view of the clerk's operations and the services it provides. The governmental fund information enables financial statement users to determine whether there are more or fewer financial resources that can be spent in the near future to finance the clerk's programs. The relationship between governmental activities reported in the government-wide financial statements (Statement A and B) and the governmental funds in the fund financial statements (Statement C and E) is presented in a reconciliation on Statements D and F.

FIDUCIARY RESPONSIBILITIES

The clerk is the trustee, or fiduciary, for the Advance Deposit Fund and the Registry of the Court Fund. Fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. These financial activities are excluded from the clerk's other financial statements because they cannot be used to finance its operations. The clerk is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

As reported on the Statement of Net Assets, (Statement A) the clerk's net assets were \$150,079, at June 30, 2011. This represents a net decrease of \$103,687, from the prior year. The \$150,079, in unassigned net assets of governmental activities represents the accumulated results of all past year's operations. It means that if the clerk had to pay off all of its bills (current liabilities) at June 30, 2011, a balance of \$150,079, would be remaining.

As reported in the Statement of Activities (Statement B) the results of this year's operations for the clerk reflected a decrease of \$103,687. The decrease is mainly due to the implementation of GASB Statement 45 - Other Postemployment Benefits, which requires the clerk to recognize certain liabilities related to retiree medical and life insurance benefits. The clerk intends to closely monitor future expenditures with adherence to the approved budget to ensure financial stability.

FUND FINANCIAL STATEMENTS (FFS)

As reported on the Governmental Fund Balance Sheet (Statement C) the clerk reported total assets of \$547,378, this is an increase of approximately \$35,026, from the prior year.

As reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), the total revenues increased by \$85,313, and expenditures increased by \$93,074, from the prior year.

BUDGETARY HIGHLIGHTS

Budgetary information is presented on Schedule 1 demonstrates the level of budgetary control exercised by the clerk as well as compliance with State law relating to budgets and the budgetary process.

CAPITAL ASSETS

The capital assets of the clerk of court is limited to office furniture, equipment and automobiles. Office space, as required by Louisiana law, is provided by the parish police jury. At June 30, 2011, capital assets are fully depreciated.

See Independent Auditor's Report.

Vernon Parish Clerk of Court
Leesville, Louisiana
Management's Discussion and Analysis (Continued)

DEBT

The debt of the clerk is comprised of vested interest in leave benefits, \$146,265, by employees and the net other postemployment benefits, \$211,678, relating to employee medical and life insurance benefits. At June 30, 2011, the debt totaled \$357,943.

CONTACTING THE CLERK OF COURT

The financial report is designed to provide a general overview of the clerk's finances and to show accountability for the financial resources received. Questions about this report or requests for additional financial information should be directed to the Honorable Willie Deon, Jr., Vernon Parish Clerk of Court, Post Office Box 40, Leesville, LA 71449 at phone number 337-238-1384.

See Independent Auditor's Report.

HERBIE W. WAY
CERTIFIED PUBLIC ACCOUNTANT
55 Terra Avenue
Alexandria, LA 71303
318/442-7568
Fax: 318/449-9159

Independent Auditor's Report

HONORABLE WILLIE DEON, JR.
VERNON PARISH CLERK OF COURT
Leesville, Louisiana

I have audited the basic financial statements of the Vernon Parish Clerk of Court as of June 30, 2011, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Vernon Parish Clerk of Court's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Vernon Parish Clerk of Court as of June 30, 2011, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Required Supplementary Information (Part I & II), as listed in the foregoing table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. This Required Supplementary Information is the responsibility of the management of the Vernon Parish Clerk of Court. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 15, 2011, on my consideration of internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The financial information for the year ended June 30, 2010, which is included for comparative purposes, was taken from the financial report for that year in which I expressed an unqualified opinion dated December 23, 2010, on the basic financial statements of the Vernon Parish Clerk of Court.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
December 15, 2011

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

STATEMENT OF NET ASSETS

June 30, 2011
(With Comparative Totals, June 30, 2010)

ASSETS	2011	2010
-----	-----	-----
Cash and cash equivalents	\$525,659	\$471,662
Receivables	21,719	19,000
Capital assets, net of accumulated depreciation		1,360
	-----	-----
TOTAL ASSETS	\$547,378	\$492,021
	=====	=====
LIABILITIES		

Current liabilities:		
Accounts, salaries, and withholdings payable	\$39,356	\$17,665
Compensated absences payable	40,420	40,420
Long-term liabilities:		
Compensated absences payable	105,845	74,188
Other post employment benefits payable	211,678	105,982
	-----	-----
Total Liabilities	397,299	238,255
	-----	-----
NET ASSETS		

Nonspendable - invested in capital assets		1,360
Unassigned	150,079	252,406
	-----	-----
TOTAL NET ASSETS	\$150,079	\$253,766
	=====	=====

The accompanying notes are an integral part of these basic financial statements.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

Statement of Activities
For the Year Ended June 30, 2011
(With Comparative Totals For the Year Ended June 30, 2010)

EXPENSES	2011	2010
-----	-----	-----
Current - Judicial:		
Personal services and related benefits	\$1,172,725	\$1,120,815
Operating services	129,073	89,019
Materials and supplies	29,698	32,614
Travel and other charges	24,996	38,287
Intergovernmental	46,847	46,214
Depreciation expense	1,360	1,360
	-----	-----
TOTAL EXPENSES	1,404,698	1,328,309
	-----	-----
PROGRAM REVENUES		

Civil suits and successions	478,692	427,378
Criminal fees and charges	88,493	67,552
Filings and recordings	622,560	525,452
Court attendance	9,500	5,700
Miscellaneous fees and charges	95,196	142,412
	-----	-----
TOTAL PROGRAM REVENUES	1,294,441	1,168,493
	-----	-----
NET (EXPENSE) REVENUE	(110,257)	(159,816)

GENERAL REVENUES		

Interest earnings	6,570	47,205
	-----	-----
TOTAL GENERAL REVENUES	6,570	47,205
	-----	-----
CHANGES IN NET ASSETS	(103,687)	(112,611)

NET ASSETS - BEGINNING OF YEAR	253,766	366,377
	-----	-----
NET ASSETS - END OF YEAR	\$150,079	\$253,766
-----	=====	=====

The accompanying notes are an integral part of these basic financial statements.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

GOVERNMENTAL FUND
Sheet, June 30, 2011
(With Comparative Totals, June 30, 2010)

ASSETS	2011	2010
-----	-----	-----
Cash and cash equivalents	\$525,659	\$471,662
Receivables	21,719	19,000
	-----	-----
TOTAL ASSETS	\$547,378	\$490,661
	=====	=====
LIABILITIES AND FUND BALANCE		

Liabilities:		
Accounts, salaries, and withholdings payable	\$39,356	\$17,665
	-----	-----
Fund balance - unassigned	508,022	472,996
	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$547,378	\$490,661
	=====	=====

The accompanying notes are an integral part of these basic financial statements.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2011
(With Comparative Totals, June 30, 2010)

		2011	2010
		-----	-----
Total Fund Balances - Governmental Funds		\$508,022	\$472,996
Cost of capital assets	\$295,574		
Less - accumulated depreciation	(295,574)	NONE	1,360

Long-term liabilities - compensated absences		(146,265)	(114,608)
Other postemployment benefits		(211,678)	(105,982)
		-----	-----
Net Assets		\$150,079	\$253,766
		=====	=====

The accompanying notes are an integral part of these basic financial statements.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
GOVERNMENTAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011
(With Comparative Totals For the Year Ended June 30, 2010)

	2011	2010
REVENUES	-----	-----
Civil suits and successions	\$478,692	\$427,378
Criminal fees and charges	88,493	67,552
Filings and recordings	622,560	525,452
Court attendance	9,500	5,700
Interest earnings	6,570	47,205
Miscellaneous fees and charges	95,196	142,412
Total revenues	1,301,011	1,215,698
EXPENDITURES	-----	-----
Current - Judicial:		
Personal services and related benefits	1,035,372	966,778
Operating services	129,073	89,019
Materials and supplies	29,698	32,614
Travel and other charges	24,996	38,287
Intergovernmental	46,847	46,214
Total expenditures	1,265,985	1,172,912
EXCESS OF REVENUES OVER EXPENDITURES	35,026	42,786
FUND BALANCE AT BEGINNING OF YEAR	472,996	430,210
FUND BALANCE AT END OF YEAR	\$508,022	\$472,996
	=====	=====

The accompanying notes are an integral part of these basic financial statements.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2011
(With Comparative Totals For the Year Ended June 30, 2010)

	2011	2010
	-----	-----
Total net change in fund balances - governmental funds	\$35,026	\$42,786
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the period	(1,360)	(1,360)
In the Statement of Activities, certain operating expenses are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid):		
Compensated absences	(31,657)	(48,056)
Other postemployment benefits	(105,696)	(105,982)
	-----	-----
Change in net assets of governmental activities	(\$103,687)	(\$112,611)
	=====	=====

The accompanying notes are an integral part of these basic financial statements.

VERNON PARISH CLERK OF COURT
 Leesville, Louisiana
 FIDUCIARY FUND TYPE - AGENCY FUNDS

Statement of Fiduciary Net Assets, June 30, 2011
 (With Combining Totals, June 30, 2010)

	ADVANCE DEPOSIT FUND	REGISTRY OF COURT FUND	OTHER FUNDS	2011	2010
ASSETS					
Cash and cash equivalents	\$1,063,323	\$591,161	\$275,091	\$1,929,574	\$1,915,116
LIABILITIES					
Intergovernmental payable					
Unsettled deposits due to others	\$1,063,323	\$591,161	\$275,091	1,929,574	1,915,116
TOTAL LIABILITIES	\$1,063,323	\$591,161	\$275,091	\$1,929,574	\$1,915,116

The accompanying notes are an integral part of these basic financial statements.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2011

INTRODUCTION

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the clerk of court serves as the ex-officio notary public, the recorder of conveyances, mortgages and other acts, and shall have other duties and powers provided by law. The clerk of court is elected for a term of four years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Vernon Parish Clerk of Court have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Vernon Parish Clerk of Court is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Vernon Parish Clerk of Court may, without the approval or consent of another governmental entity, determine or modify its own budget and set rates or charges. The Vernon Parish Clerk of Court also has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected clerk of court are financially accountable. With the exception of the unrecorded transaction between the Vernon Parish Police Jury and the clerk of court where the Vernon Parish Police Jury provides, as required by Louisiana law, office space and utilities for the clerk of court, there are no other primary governments with which the clerk of court has a significant relationship.

C. FUND ACCOUNTING

The clerk of court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the clerk's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, the fund balance represents the accumulated expendable resources that may be used to finance future operations of the clerk of court. The clerk of court's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the clerk are described as follows:

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

General Fund -- as provided by Louisiana Revised Statute 13:781, is the principal fund of the clerk of court and is used to account for the operations of the clerk's office. The various fees and charges due to the clerk's office are accounted for in this fund. General operating expenditures are paid from this fund.

Fiduciary (Agency) Funds -- fiduciary funds reporting focuses on the net assets and changes in net assets. The only funds accounted for in this category by the clerk of court are agency funds. The agency funds account for assets held by the clerk as an agent for litigants held pending court action. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds have no measurement focus, but use modified accrual basis of accounting. The Advance Deposit and Registry of Court agency funds account for assets held as an agent for others.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) - include the Statement of Net Assets (Statement A) and the Statement of Activities (Statement B). These financial statements report the financial position and results of operations for the clerk of court as a whole. Fiduciary funds are not included at this level, as they are only reported in the Statement of Fiduciary Net Assets at the fund financial statement level. The Government-Wide Financial Statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) derive directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

Allocation of Indirect Expenses - The clerk of court reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation which cannot be specifically identified by function is assigned to the "travel and other charges" function due to the fact that the assets serve multiple purposes.

Fund Financial Statements (FFS) - governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Fund financial statements report detailed information about the school board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

Governmental funds and the agency fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The school board considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Recordings, cancellations, court attendance, criminal costs, et cetera, are recorded in the year in which they are earned.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Substantially all other revenues are recognized when received by the clerk of court.

Based on the above, recordings, court attendance, criminal costs, et cetera are subject to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Deferred Revenues

The clerk of court reports deferred revenues on its fund financial statements balance sheet. Deferred revenues arise when resources are received by the school board before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the clerk of court has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

E. BUDGET PRACTICES

A proposed budget is published in the official journal at least ten days prior to a public hearing. The public hearing is held at the clerk's office during the month of June for comments from taxpayers. The proposed budget is then legally adopted by the clerk and amended during the year, as necessary. Budgets are established and controlled by the clerk at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Although formal budgetary integration is not employed as a management control device, the bookkeeper provides the clerk of court with monthly comparisons as a means of controlling expenditures. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those income-producing items with original maturities of usually 90 days or less. Under state law, the clerk of court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the clerk of court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

H. INVESTMENTS

In accordance with Louisiana Revised Statute (LSA-R.S.) 32:2955, the clerk of court, upon determination of the availability of funds in excess of immediate cash requirements, may invest in direct United States Treasury obligations; bonds, debentures, notes, or other evidence of indebtedness guaranteed by federal agencies or United States government instrumentalities, provided that such obligations are backed by the full faith and credit of the United States government; and savings accounts and certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the state of Louisiana. Additionally, the clerk of court may invest in mutual or trust fund institutions (limited to 25 per cent of the funds considered available for investment under this section) provided that they are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the investment Act of 1940 and have underlying investments consisting solely of securities of the United States government or its agencies. Investments are stated at fair value.

I. INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods and services provided or rendered. These receivables and payables are classified as interfund receivables and payables on the fund financial statements but are eliminated for reporting purposes on the government-wide financial statements. Included in these transactions, are the fees that are transferred from the Advance Deposit Agency Fund. These fees represent fees earned by the clerk of court from continuing operations and are transferred from litigant's money deposited in the Advance Deposit Agency Fund.

J. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The clerk of court maintains a threshold level of \$2,500 or more for capitalizing capital assets for reporting purposes. Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

Description	Estimated Useful Life (Years)
Office equipment	5
Furniture and fixtures	5
Automobiles	5

K. COMPENSATED ABSENCES

Employees earn from 5 to 25 days of vacation leave each year, depending on length of service. Vacation leave can only be accumulated with specific approval by the clerk of court. Employees earn one day of sick leave each month and may accumulate a maximum of 45 days. Employees, with proper notice given concerning retirement or resignation, are paid up to 45 days of accumulated sick leave at their current rate of pay. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The liability related is reported on the Government-Wide Financial Statements, with only the current portion of the liability reported in the Fund Financial Statements.

L. FUND EQUITY

Effective for fiscal years ending June 30, 2011, the district implemented the requirements of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of constraints placed on government's fund balance more transparent. The following classifications describe the relative strength of spending constraints:

Nonspendable Fund Balance - amounts that are not in spendable form; i.e., inventory, prepaid expenses, etc.

Restricted Fund Balance - amounts constrained to specific purposes by their providers; i.e., grantors, bondholders, and higher levels of government through constitutional provision or enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes, by the board, using its highest level of decision-making authority. These fund balances can not be used for any other purpose unless the board takes the same highest level action to remove or modify the constraint.

Assigned Fund Balance - amounts the board intends to use for a specific purpose. Intent is expressed by the board.

Unassigned Fund Balance - amounts that are available for unrestricted expenditure. Positive amounts are reported only in the General Fund.

Beginning fund balances of the district's governmental funds have been restated to reflect the aforementioned classifications.

The board establishes and/or modifies fund balance commitments by the passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balances are established by the board through the adoption or amendment of the budget as intended for a specified purpose.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

M. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the clerk of court, which are either unusual in nature or infrequent in occurrence.

N. USE OF ESTIMATES

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported on the basic financial statements and the related note disclosure at the date of the financial statements. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

Under state law, the clerk may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The clerk may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2011, the clerk has cash and cash equivalents as follows:

<u>GOVERNMENTAL FUND - GENERAL FUND</u>	
Petty cash	\$250
Demand deposits	293,409
Time and certificates of deposit	<u>232,000</u>
Total Governmental Fund - General Fund	<u>525,659</u>
 <u>FIDUCIARY FUNDS - AGENCY FUNDS</u>	
Demand deposits	406,538
Time and certificates of deposit	<u>1,486,161</u>
Total Fiduciary Funds - Agency Funds	<u>1,892,699</u>
 Total Cash and Equivalents	 <u><u>\$2,418,358</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2011, the clerk has cash and cash equivalents (collected balances) of \$2,457,237, with \$752,953 being considered uncollateralized under generally accepted accounting principles.

Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank and/or financial institution to advertise and sell the pledged securities within 10 days of being notified by the clerk that the fiscal agent bank has failed to pay deposited funds upon demand.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

3. CAPITAL ASSETS

Capital assets and depreciation activity for the year ended June 30, 2011, follows:

Capital assets - June 30, 2011	\$295,574
Less - accumulated depreciation	<u>(295,574)</u>

Net Capital Assets - June 30, 2011	<u><u>NONE</u></u>
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4. LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the year ended June 30, 2011:

	Other Postemployment Benefits	Compensated Absences	Total
Beginning Balance	\$105,982	\$114,608	\$220,590
Additions	135,771	86,822	222,593
Deductions	(30,075)	(55,164)	(85,240)
Ending Balance	<u>\$211,678</u>	<u>\$146,265</u>	<u>\$357,943</u>
Current liabilities		\$40,420	\$40,420
Long-term liabilities	\$211,678	105,845	317,523
Total	<u>211,678</u>	<u>146,265</u>	<u>357,943</u>

5. PENSION PLAN

Substantially all employees of the Vernon Parish clerk of court are members of the Louisiana Clerks of Court Retirement and Relief Fund ("System"), a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees.

All regular employees who are under the age of 60 at the time of original employment are required to participate in the system. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

Members are required by state statute to contribute 8.25 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 17.25 percent of annual covered payroll. Contributions to the System include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of the parish. The contribution requirements of plan members and the employers are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The employer contributions for the years ending June 30, 2011, 2010, and 2009, were \$110,371, \$91,085, and \$71,771, respectively, equal to the required contributions for each year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (504) 293-1162.

6. OTHER POST EMPLOYMENT BENEFITS

Plan Description - the Vernon Parish Clerk of Court's defined benefit postemployment healthcare plan provides medical, dental, and life insurance benefits to eligible retiree employees and their beneficiaries. The plan is affiliated with the Louisiana Clerks of Court Insurance Trust, a multiple-employer postemployment healthcare administered by the Louisiana Clerk of Court Association.

Funding Policy - the contribution requirements of the plan members and the clerk are established and may be amended by the board of trustees of the Louisiana Clerks of Court Insurance Trust. The clerk contributes 50% of the cost of current year premiums for eligible retired plan members and 50% of the cost for retired members' spouses and dependent children. For the year June 30, 2011, the clerk contributed \$20,491 to the plan.

Annual and Net OPEB Obligation - for 2011, the clerk's annual other postemployment benefit (OPEB) cost/expense is calculated based on annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the clerk's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the clerk's net OPEB obligation to the health plan:

Annual required Contribution (ARC)	\$126,473
Interest on Net OPEB obligation (NPOB)	9,298
Adjust to ARC	<u>NONE</u>
Annual OPEB expense	135,771
Contribution made	<u>(30,075)</u>
Increase in NPOB expenses	\$105,696
Net OPEB obligation at beginning of year	<u>105,982</u>
Net OPEB Obligation at End of Year	<u><u>\$211,678</u></u>

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

Actuarially accrued liability (AAL)	\$1,842,266
Actuarial value of plan assets	<u>NONE</u>
Unfunded actuarially accrued liability (UAAL)	<u>\$1,842,266</u>
Unfunded portion of UAAL	<u>0.00%</u>
Covered payroll of plan participants	<u>\$605,935</u>
UAAL as a percentage of covered payroll	<u>304.04%</u>

Funded Status and Funding Progress - the projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions - projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009, actuarial valuation, the entry age actuarial cost method was used. Based on the clerk's short-term investment portfolio, a discount rate of 2 percent was used. In addition, the actuarial assumptions included in the annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.5 percent after 10 years. The clerk's unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Notes to the Basic Financial Statements
(Continued)

7. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances due to others follows:

	ADVANCE DEPOSIT FUND	REGISTRY OF COURT FUND	OTHER FUNDS	TOTAL
UNSETTLED DEPOSITS AT BEGINNING OF YEAR	\$1,004,847	\$686,696	\$260,010	\$1,951,553
ADDITIONS				
Suits and successions	855,443	15,916		871,359
Court costs, fees and charges			56,869	56,869
Interest earned on investments		7,143	1,574	8,717
Total additions	855,443	23,059	58,443	936,945
Total	1,860,290	709,755	318,453	2,888,498
REDUCTIONS				
Clerk's costs (transferred to General Fund)	478,692			478,692
Settlements to litigants and others	218,564	118,594	12,000	349,158
Local sheriff's costs	72,737		31,362	104,099
Other sheriff's and clerk's costs	26,974			26,974
Total reductions	796,967	118,594	43,362	958,923
UNSETTLED DEPOSITS AT END OF YEAR	\$1,063,323	\$591,161	\$275,091	\$1,929,574

8. RISK MANAGEMENT

The clerk's office is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The clerk has obtained commercial insurance for all the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
GENERAL FUND

Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES			
Civil suits and successions	\$446,325	\$477,214	\$478,692
Criminal suits	70,379	76,246	88,493
Filing and recording	529,884	564,825	622,560
General revenue	437,358	121,000	111,266
Total revenues	1,483,946	1,239,285	1,301,011
EXPENDITURES			
Current:			
General government - Judicial:			
Personal service and related benefits	1,046,086	1,046,086	1,035,372
Operating services	100,295	100,295	112,651
Materials and supplies	32,776	32,776	29,698
Travel and other charges	10,355	10,355	24,996
Intergovernmental	25,191	25,191	46,847
Capital outlay	19,310	6,377	16,422
Total expenditures	1,234,013	1,221,080	1,265,985
EXCESS (Deficiency) OF REVENUES OVER			
EXPENDITURES	249,933	18,205	35,026
FUND BALANCES AT BEGINNING OF YEAR	449,576	434,662	472,996
FUND BALANCES AT END OF YEAR	\$699,509	\$452,867	\$508,022

See independent auditor's report.

Vernon Parish Clerk of Court
Leesville, Louisiana
Retiree Healthcare Plan
June 30, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2011	\$0	\$1,842,266	\$1,842,266	0.00%	\$605,935	304.04%
June 30, 2010	\$0	\$1,842,266	\$1,842,266	0.00%	\$605,935	304.04%

See independent auditor's report.

HERBIE W. WAY
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

VERNON PARISH CLERK OF COURT
Leesville, Louisiana

I have audited the financial statements of the governmental activities of the Vernon Parish Clerk of Court as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements and have issued my report thereon dated December 15, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

VERNON PARISH CLERK OF COURT
Leesville, Louisiana
Compliance and Internal Control Report
(Continued)

Prior Year Audit Findings

The audit for the year ended June 30, 2010, disclosed no instances of noncompliance that were required to be reported under Government Auditing Standards or matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses.

General

This report is intended for the information and use of the management of the Vernon Parish Clerk of Court and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute (LSA-R.S.) 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
December 15, 2011